

## **The complaint**

Ms C complained that The Co-operative Bank Plc, trading as Smile, had not returned money to her account from a failed transfer to another bank account that she held.

## **What happened**

On 17 February 2025 Ms C transferred £5,000 to her account with another bank, and this was taken from her Smile Account. However, the money didn't reach Ms C's other account and didn't immediately reappear in her Smile account. On the same day, Ms C emailed Smile and sent a complaint where she requested an explanation of what had happened, an apology and a refund.

Ms C said that on 23 February 2025 Smile returned £5,000 to her account. She said she had received a *'Junk email'* from The Co-operative Bank on 17 February *'telling me to telephone them but the Co-Operative is not my bank'*.

Smile responded to Ms C to say the transfer was flagged by its security system as potential fraud and held until further checks were completed, and it had emailed her to that effect. Smile said it hadn't made an error by holding the payment and couldn't uphold the complaint.

Ms C wasn't satisfied with this and referred her complaint to our service. Our investigator didn't recommend the complaint be upheld. She said the funds were returned to Ms C on 22 February, after checks, and within the timeframe of the terms and conditions. She said Smile complied with its security process and acted fairly and reasonably and there was no error.

The investigator said Smile's security process is very normal for a payment flagged by its security system. And had Ms C responded to the email she received on 17 February the transfer would have been resolved. The investigator sympathized with Ms C as she had sent two small payments to her other account to ensure the funds were safely received, but said this wouldn't stop Smile's security system from flagging the £5,000 transaction.

Ms C said this decision was misjudged and requested an ombudsman review her complaint. She said she had needed access to the money, but Smile held it for six days without notice about its return. She said Smile's 'security' excuse was false, dishonest and unjustified as she had transferred smaller sums to her other account.

Ms C said the investigator was completely out of touch, offensive in her sympathies, and in error that she should know what name different businesses go under. She asked how she would know that Smile and The Co-operative Bank are the same as she isn't an *'expert bank financial business guru'*. Ms C said that ourselves, and Smile are *'simply victim blaming'* her.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can see that Ms C was extremely upset and concerned at the potential loss of her funds. My role is to determine whether what took place was fair and reasonable and whether Smile followed the process correctly in withholding Ms C's transfer and return of her funds.

I have seen Smile's business records. These show Ms C's transfer request was made on 17 February 2025, with the funds were returned to her account on 22 February 2025, which was five days later.

Although ideally this would have been sooner, it was within the timescale set by Smile in its terms and conditions for the account. Smile's terms also state that it will make a payment at a customer's request *'unless: we suspect fraudulent or criminal activity'*. This allowance for a bank to address a potential fraud or scam is common throughout the finance industry.

Smile's terms also state that, *'If we refuse to make a payment, we'll let you know why as soon as we reasonably can'... 'You can always call us straight away to ask us why we've refused a payment'*.

All financial institutions holding customer funds are required by their regulator, the Financial Conduct Authority, to put in place systems that reduce and interdict transactions that may be carried out for the benefit of fraudsters. Smile has explained that its automated security system may trigger an alert even where the customer has paid the recipient previously, as in Ms C's case. This may be due to the size of the payment, frequency, or to check it's not a fraud or a scam.

I don't know how many times this approach by Smile and the other financial institutions will have prevented fraudsters from benefitting from customer accounts, but I'm sure that millions of pounds have been diverted from the alarming range of fraudulent enterprises by the type of questions Smile wanted to put to Ms C.

Smile's process with suspect payments is to hold the transfer until it can check with the account holder that the attempted transfer is genuine. Unfortunately, Smile's email to Ms C on the day of the transfer request asking her to call them so its fraud team could establish the legitimacy of the payment, went unanswered. Had she responded I think the transfer would have completed within a day of her request.

Ms C said she disregarded the email as she didn't consider The Co-operative Bank to be her bank and thought it may be a scam. I think it would have been preferable for Smile to have had its name on the email as well, but It's very clear from the terms and conditions and is stated on Smile's website that Smile is a trading name of The Co-operative Bank.

Furthermore, Ms C's account statements show 'The Co-operative Bank' and state that Smile is a trading name of The Co-operative Bank plc. The emails sent about Ms C's complaint on 17, 18 and 19 February 2025 were addressed to [complaints@co-operativebank.co.uk](mailto:complaints@co-operativebank.co.uk). In the bank's response to Ms C's complaint on 18 February it asked her to *'log into your online banking via [www.co-operativebank.co.uk](http://www.co-operativebank.co.uk) and access the messages option to view our reply'*. From all the available information it ought to have been fairly obvious to Ms C that Smile is part of The Co-operative Bank.

Ms C said the £5,000 was removed from her account and she could not see where it was or when it would be returned and this caused her unnecessary worry and upset. I have seen that on 18 February Ms C acknowledged Smile's email telling her it was holding her payment – this was the day after her attempted payment. I have also seen that there were many attempts by the bank to get Ms C to call them about the transaction. The return or onward transmission of the payment would have followed much sooner if Ms C had responded to these requests.

In conclusion, while I appreciate Ms C's concerns about her payment, Smile have justified its actions and explained the reason for holding the funds. I haven't found that Smile acted outside of its terms and conditions or treated Ms C unfairly and so it follows that I cannot uphold this complaint. I haven't addressed Ms C's comment about being victim blamed as I see no basis for this remark.

Our service investigates the merits of complaints on an individual basis and that is what I've done here. I think it's important to explain that my decision is final. I realise that Ms C will be disappointed by this outcome though I hope she appreciates the reasons why it had to be this way.

### **My final decision**

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 11 August 2025.

Andrew Fraser  
**Ombudsman**